

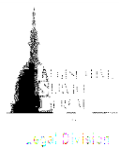
HOUSE BILL NO. 4554

May 02, 2019, Introduced by Rep. Lilly and referred to the Committee on Commerce and Tourism.

A bill relating to the promotion of convention business and tourism in this state; to provide for collection of certain data, promotion, and regulation of certain short-term rentals at certain short-term transient facilities; to create certain databases; to provide for collection of certain taxes and assessments on the owners of certain short-term transient facilities; to establish the functions and duties of certain state departments and employees; and to prescribe certain fines, penalties, and remedies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the



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1 "Michigan short-term rental promotion act".

2 Sec. 2. As used in this act:

3 (a) "Department" means the department of licensing and
4 regulatory affairs.

5 (b) "Director" means the director of the department.

6 (c) "Hosting platform" means a service through a digital
7 platform, third-party website, software, online-enabled
8 application, mobile phone application, or some other similar
9 electronic process that allows:

10 (i) An owner or owner agent to advertise, list, or offer the
11 short-term rental of short-term transient facilities under this
12 act.

13 (ii) An owner or owner agent to collect the payment of a short-
14 term rental of a short-term transient facility under this act.

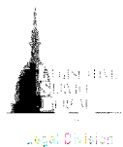
15 (iii) A person to arrange, book, reserve, or rent a short-term
16 rental of a short-term transient facility under this act.

17 (d) "Owner" means the owner of a short-term transient facility
18 located within this state or, if the short-term transient facility
19 is operated or managed by an owner agent, then the owner agent of
20 that short-term transient facility, that provides short-term
21 rentals.

22 (e) "Owner agent" means a person who on behalf of an owner of
23 a short-term rental of a short-term transient facility, including,
24 but not limited to, a property manager, property management
25 company, or real estate agent that does 1 or more of the following:

26 (i) Manages the operation or upkeep of a short-term transient
27 facility offered for rent.

28 (ii) Books reservation at a short-term transient facility
29 offered for rent.



1 (f) "Room" means a room or other space provided for sleeping,
2 including the furnishings and other accessories in the room.

3 (g) "Short-term rental" means, except as otherwise provided in
4 this subdivision, a rental of a short-term transient facility of
5 not more than 30 consecutive days. A short-term rental does not
6 include the rental of a short-term transient facility if that
7 property is rented out for 14 days or less in a calendar year.

8 (h) "Short-term transient facility" means an apartment, house,
9 cottage, condominium, or other occupied property where 1 or more
10 rooms are rented by an owner through the use of advanced
11 reservations. A short-term transient facility does not include a
12 hotel or a motel.

13 (i) "Short-term transient facility database" means the short-
14 term transient facility database created in section 3.

15 (j) "Transient guest" means a person who occupies a room in a
16 short-term transient facility for less than 30 consecutive days
17 regardless of who pays the room charge for the room.

18 (k) "Use tax" means the tax imposed under the use tax act,
19 1937 PA 94, MCL 205.91 to 205.111.

20 Sec. 3. The department shall create and operate a short-term
21 transient facility database and that database shall be updated by
22 the department each year. The short-term transient facility
23 database shall also include all of the following:

24 (a) A description of the short-term transient facility.

25 (b) Number and type of rooms at the short-term transient
26 facility.

27 Sec. 4. (1) Each year the owner or the owner agent of a short-
28 term transient facility shall file with the department a
29 certificate that provides all of the following:



1 (a) Name and address of the owner of the short-term transient
2 facility.

3 (b) Address of the short-term transient facility.

4 (c) Number and types of rooms at the short-term transient
5 facility.

6 (d) Certification that the owner has \$1,000,000.00 or more
7 liability insurance on the short-term transient facility.

8 (e) Certification that all use taxes, local excise taxes, and
9 assessments levied, imposed, and assessed have been paid by the
10 owner or owner agent for the immediately preceding tax year.

11 (2) The director shall prescribe the forms necessary for the
12 administration of this act and may promulgate necessary rules under
13 the administrative procedures act of 1969, 1969 PA 306, MCL 24.201
14 to 24.328.

15 Sec. 5. An owner of a short-term transient facility shall
16 maintain liability insurance of \$1,000,000.00 or more on the short-
17 term transient facility for each short-term rental while it is
18 being offered for rent to transient guests unless such short-term
19 rental is offered through a hosting platform that maintains equal
20 or greater insurance coverage. Insurance coverage described in this
21 section must defend and indemnify the operator and any tenants or
22 owners in the short-term transient facility for bodily injury and
23 property damage arising from the short-term rental.

24 Sec. 6. An owner of a short-term transient facility shall not
25 operate that short-term transient facility if that owner fails to
26 pay any use tax, local excise tax, or assessment imposed by law,
27 when due, as determined by the department.

28 Sec. 7. An owner may elect to have an owner agent, hosting
29 platform, or other intermediary collect room charges, use taxes,



1 local excise taxes, and assessments described in this act through a
2 written agreement. The written agreement shall clearly provide each
3 party's responsibility to remit those use taxes, local excise
4 taxes, and assessments described in this act.

5 Sec. 8. An owner or owner agent who violates this act is
6 responsible for a civil fine and may be ordered by the department
7 to pay a civil fine of not more than \$15,000.00 for each violation.

8 Sec. 9. (1) Zoning of short-term transient facilities and
9 short-term rentals is subject to the Michigan zoning enabling act,
10 2006 PA 110, MCL 125.3101 to 125.3702.

11 (2) A local unit of government shall not have a zoning
12 ordinance or a zoning decision that has the effect of totally
13 prohibiting short-term rentals of short-term transient facilities
14 in compliance of section 207 of the Michigan zoning enabling act,
15 2006 PA 110, MCL 125.3207.

16 (3) The department shall create a workgroup of stakeholders
17 composed of representatives of local units of government,
18 representatives of the tourism industry, and representatives of
19 real estate professionals to assist the department in developing
20 best practices and model short-term rental zoning.

